

18th Annual Report 2004 - 05



HB STOCKHOLDINGS LIMITED



HB STOCKHOLDINGS LIMITED

BOARD OF DIRECTORS

Mr. Lalit Bhasin	Chairman
Mr. K. N. Malhotra	Director
Dr. K. Srinivasan*	Director
Mr. P. K. Mittal	Director
Mr. Gulshan Rai	Director
Mr. J. M. L. Suri	Executive Director

*Left for his heavenly abode on 27th June, 2005

AVP (LEGAL) & COMPANY SECRETARY

Vinay Shukla

AUDITORS

P. Bholusaria & Company
Chartered Accountants
26/11, Shakti Nagar, Delhi - 110 007

REGISTERED OFFICE

199, Sector - 7, Urban Estate, Gurgaon - 122 001, Haryana

CORPORATE OFFICE

10th Floor, DCM Building, 16, Barakhamba Road, New Delhi - 110 001.

REGISTRAR & SHARE TRANSFER AGENT

RCMC Share Registry Pvt. Ltd.
1515, (I Floor), Bhisham Pitamah Marg,
Kotla Mubarakpur, (Near South Extension), New Delhi-110 003.

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NOTICE

NOTICE is hereby given that the 18th Annual General Meeting of the Company will be held as per the schedule given below:

Day : Wednesday
Date : August 17, 2005
Time : 10.00 A. M.
Place : GIA House I.D.C. Mehrauli Road, Opp. Sector 14, Gurgaon-122001, Haryana
to transact the following business(es) :

AS ORDINARY BUSINESS :

- To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2005 and the Profit & Loss Account for the year ended on that date together with the Reports of Directors and Auditors thereon.
- To appoint Director in place of Mr. Lalit Bhasin who retires by rotation and being eligible offers himself for reappointment.
- To appoint Auditors and to fix their remuneration.

AS SPECIAL BUSINESS:

- To consider and if thought fit, to pass with or without modifications the following resolution as an Ordinary Resolution:
"RESOLVED THAT Mr. Gulshan Rai, who was appointed under Section 260 of the Companies Act, 1956 as Additional Director of the Company on 30th October, 2004 till the ensuing AGM and in respect of whom a notice with requisite fee proposing his appointment has been received, be and is hereby appointed as Director of the Company, liable to retire by rotation."
- To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:
"RESOLVED THAT pursuant to the provisions of the revised Clause 49 of the Listing Agreement and all other applicable provisions of any other law, the approval/sanction of shareholders of the company be and is hereby accorded for payment of sitting fee to the non executive directors of the company for attending the meetings of the Board of Directors (hereinafter "the Board") or any Committee(s) constituted by the Board not exceeding a sum of Rs. 20,000/- per meeting, which shall be exclusive of and in

- Details of the Directors seeking appointment/reappointment in the ensuing Annual General Meeting pursuant to Clause 49 of the Listing Agreement:

Name of the Director	Mr. Lalit Bhasin	Mr. Gulshan Rai
Date of Birth	August 14, 1968	April 1, 1934
Profile/Expertise in specific functional areas	An energetic and experienced entrepreneur having more than 15 years of rich experience in the field of Stock Market operations, Strategic investment and management.	A practising Chartered Accountant having experience in the field of Financial Management, Management Control Systems, Corporate Planning, Business Restructuring etc.
Qualification	Bachelor of Commerce	Chartered Accountant
List of other companies in which directorship held as on 31.3.2005 :	<ol style="list-style-type: none"> HB Estate Developers Limited HB Telecommunications Limited HB Prima Capital Limited RRB Securities Limited Raja Ram Bhasin Share & Stock Brokers Ltd. Bhasin Investments Ltd HB Financial Consultants Pvt. Ltd. RRB House Finance Pvt. Limited 	<ol style="list-style-type: none"> Unicom Services Private Limited Sai Beverages Private Limited
Chairman/Member of the Committees of the Board of the other companies in which he is a director as on 31.3.2005	Audit Committee <ol style="list-style-type: none"> HB Leasing & Finance Co. Ltd. HB Estate Developers Ltd. Shareholders' Committee <ol style="list-style-type: none"> HB Leasing & Finance Co. Ltd. RRB Securities Limited. 	NIL

addition to reimbursement of any incidental/traveling expenses, to be decided and fixed by the Board of Directors of the Company from time to time."

"RESOLVED FURTHER THAT the Board of Directors of the company be and is hereby authorised and empowered to fix, review and revise the sitting fee payable as above to the non executive directors from time to time within the aforesaid overall limit of Rs.20,000/- per meeting."

**BY THE ORDER OF THE BOARD
FOR HB STOCKHOLDINGS LTD.**

Place: New Delhi

Date : 25.04.2005

AVP (LEGAL) & COMPANY SECRETARY

NOTES:

- A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER. A PROXY IN ORDER TO BE EFFECTIVE MUST BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY AT LEAST 48 HOURS BEFORE THE TIME OF THE MEETING.
- Explanatory Statement(s) pursuant to Section 173(2) in respect of the Special Businesses herein are annexed hereto and form part of this notice.
- The Register of Members and Share Transfer Books of the Company shall remain closed from 11/08/2005 to 17/08/2005 (both days inclusive).
- Members/Proxies should bring Attendance Slips duly filled in for attending the meeting.
- Shareholders seeking any information with regard to Accounts are requested to write to the Company at least 7 days before the date of the meeting so as to enable the management to keep the information ready.
- Members are requested to:
 - Notify any change in their address to the Company, including PINCODE, or to the Registrar and Share Transfer Agent of the company namely, RCMC Share Registry Pvt. Ltd., 1515, (1st Floor), Bhisham Pitamah Marg, Kotla Mubarakpur, Near South Extension, New Delhi-110003. Phones : 24692346, 24601017. Fax: 24692345. E-mail: rcmc@dimension1.net.
 - Bring their copies of Annual Report with them to the meeting, as the same will not be supplied again at the Meeting as a measure of economy.



HB STOCKHOLDINGS LIMITED

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM NO. 4 : Mr. Gulshan Rai was appointed as Additional Director on the Board of Directors on 30th October 2004 and under the provisions of Section 260 of the Companies Act, 1956 to hold the office up to the date of the ensuing Annual General Meeting. The Company has received notice under Section 257 of the Companies Act, 1956 from a shareholder together with requisite fee proposing for his appointment as a Director of the company liable to retire by rotation.

The Board accordingly commends the resolution for his appointment as Director for consideration of the members.

The notice received under Section 257 is available for inspection during normal business hours on any working day of the company.

None of the directors, except Mr. Gulshan Rai himself, are in any way concerned with or interested in the above resolution.

ITEM NO. 5 : The provisions of revised clause 49 of the Listing Agreement provides that all fees/compensation, if any paid to non executive directors shall be fixed by the Board of Directors and shall require the previous approval of shareholders in a general meeting. All the listed companies are required to conform to the requirement under revised clause 49 of the listing agreement latest by 31st December, 2005.

As per Rule 10B of Companies (Central Government's) General Rules & Forms, 1956 as amended vide Notification No. GSR 580 (E) dated 24-7-2003, read with the provisions of Section 310 of the Companies Act, 1956, the company by virtue of the criteria of its net worth and the annual turnover, is entitled to fix/pay maximum sitting fee of Rs. 20,000/- to non executive directors for attending the meetings of Board of Directors and the Committees constituted by the Board thereof.

Accordingly in view of foregoing provisions of the revised Clause 49 of the Listing Agreement read with the applicable provisions of the Companies Act, 1956 and the rules made thereunder, the sanction/approval of the shareholders is being sought for the payment of sitting fees to the non executive directors for their attending the meetings of the board of directors and the committees constituted by the board, not exceeding a sum of Rs. 20,000/-, to be decided and fixed by the Board of Directors. In order to have flexibility, the power to vary, review and revise the sitting fee by the board of directors within the aforesaid overall limit fixed by the shareholders is also being sought.

All the non executive directors of the company may be deemed to be interested or concerned in the item to the extent of sitting fees they would be entitled to receive for attending the meetings of the Board of Directors or any Committees of Directors.

**BY THE ORDER OF THE BOARD
FOR HB STOCKHOLDINGS LTD.**

Place : New Delhi
Date : 25.04.2005

VINAY SHUKLA
AVP (LEGAL) & COMPANY SECRETARY

DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting the 18th Annual Report with Audited Accounts for the year ended 31st March 2005.

FINANCIAL RESULTS

The summarised financial results for the year under review are as under:

PARTICULARS	(Amount in Rs.)	
	Year Ended 31.03.2005	Year Ended 31.03.2004
Gross Profit/(Loss)	1,61,86,545	2,13,21,968
Less :		
(a) Depreciation and profit/(loss) on termination of leases	7,69,877	7,30,787
(b) Miscellaneous Expenses Written off	1,19,897	20,13,949
(c) Provision for Income -Tax (including deferred tax)	3,00,000	Nil
Net Profit/(Loss)	1,49,96,771	1,85,77,232
Add/(Less) :		
(a) Surplus/(Deficit) Brought Forward	(60,12,19,608)	(61,66,49,009)
(b) Prior Period Adjustments	4,04,241	5,67,615
(c) Transfer to Statutory Reserve Fund	(29,99,354)	(37,15,446)
Net Amount available for appropriation	(58,88,17,950)	(60,12,19,608)
Balance Transferred to Balance Sheet	(58,88,17,950)	(60,12,19,608)

DIVIDEND : Your directors' are of the recommend to plough back the profits and not to distribute the same by way of dividend.

PERFORMANCE REVIEW & OUTLOOK : During the year under review, overall economy including primary and secondary market has registered significant growth. NSE and BSE sensex have flared up from 5590.60 and 1819.65 to 6492.82 and 2035.65 respectively. Gross turnover on NSE and BSE, putting together spot and derivatives, rose to Rs. 86,28,645 Crores during the year.

The outlook of current economic scenario is positive. Overall economy is expected to grow @ 6.50 to 7%. Growing confidence level among foreign and domestic investors and the industry, broadening of investors base and increased flow of FDIs, stable fiscal and economic policies, are giving more impetus for continuous and steady growth. Your Company continues to emphasise on consolidating its position in the market with in bound activities of cost minimisation and efficiency and productivity development and out bound activities of market exploration and strategic investments and profit maximisation. With this your directors are hopeful that the company would be able to maintain the trend of turnaround.

The industry trends and future prospects are more elaborately given in the Management Discussion and Analysis.

STATUTORY STATEMENTS

PUBLIC DEPOSITS : Your Company has not accepted any deposits from the public during the year under review.

INFORMATION AS PER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956 : The particulars under Companies (Disclosure of Particulars in the Report of Board of

Directors) Rules, 1988 on conservation of energy, technology absorption are not applicable to your company. During the year under review there was no earnings or outgo in foreign exchange.

PERSONNEL : None of the employees are in receipt of remuneration in excess of the limits prescribed under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended.

DIRECTORS' RESPONSIBILITY STATEMENT : Pursuant to Section 217(2AA), it is hereby stated that in the preparation of the Annual Accounts for the year under review, the applicable accounting standards have been followed. The Directors' have selected such accounting policies and applied them consistently and made judgements and estimates, that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company, at the end of the financial year and of the profit or loss of the company for that period. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities. Further, the Directors' have prepared the annual accounts on a going concern basis.

SUBSIDIARIES OF THE COMPANY : As required under Section 212 of the Companies Act, 1956, the Audited Balance Sheets, Profit & Loss Account together with the Report of the Directors and Auditors thereon of wholly owned subsidiaries viz. HB Prima Capital Ltd. and Mount Finance Ltd. of the Company are attached.

As required under the Listing Agreement the consolidated accounts are also annexed.

CORPORATE GOVERNANCE : Your company has been adopting good Corporate Governance Practices since inception and complying with the code of Corporate Governance. A detailed Corporate Governance Report together with a certificate from Statutory Auditors in compliance with Clause 49 of the Listing Agreement is attached forming part of this report.

STATEMENT PURSUANT TO LISTING AGREEMENT (S) : The Company's securities are presently listed at Stock Exchanges at Mumbai (BSE), Kolkata, and National Stock Exchange, Mumbai (NSE). Pursuant to Shareholders' resolution dtd. May 31, 2002 equity shares of the Company have been delisted from Ahmedabad Stock Exchange and Madras Stock Exchange w.e.f. 24.04.2004 and 16.03.2005 respectively and application for delisting made to the Calcutta Stock Exchange is under process. The listing fees to BSE and NSE has been paid.

Management's Discussion and Analysis, in compliance with Clause 49 of the Listing Agreement, is attached, forming part of this report.

As you all aware that your Company was following Financial Year beginning from December to November till the financial year ended on 31/03/2003 (16 months) and the EDIFAR web site use the Financial Year beginning from April 1 to March 31. Due to this your company is not able to upload the required data of shareholding pattern, quarterly/ annual statements and other related documents on the Electronic Data Information Filing and Retrieval (EDIFAR) web site - www.sebidifar.nic.in in compliance with clause 51 of the Listing Agreement. Your Company have been pursuing the matter with the authority and soon we'll find a way out of this problem.

AUDITORS' REPORT : Observations of the Auditors have been explained, wherever necessary, by way of appropriate notes to accounts.

AUDITORS : The Auditors, M/s. P. Bholusaria & Co., Chartered Accountants, retire at the ensuing Annual General Meeting and are eligible for reappointment. A certificate under section 224(1B) of the Companies Act, 1956 has been received from them.

DIRECTORATE : Mr. Gulshan Rai, a practising Chartered Accountant having rich experience of over 40 years in the field of Financial Management, Management Control Systems, Corporate Planning, Business Restructuring and International Business Operations of Indian Companies, was co-opted as Additional Director on 30-October-2004 to hold the office up to the date of ensuing Annual General Meeting. Considering his rich and varied experience, the Board is of the opinion that his continued association would be beneficial to the company and accordingly commends the resolution for appointing him as Director of the Company in the ensuing Annual General Meeting, for the consideration of members.

Mr. Lalit Bhasin being longest in Office retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for reappointment.

ACKNOWLEDGEMENT : Since its inception, your Company has grown on the foundations of dedicated and qualitative services. Your Directors gratefully acknowledge the co-operation, assistance and support extended by various stakeholders during these years. Your Directors also thank all the Company's Bankers, Shareholders and its Employees for their continued support to your Company during the year and look forward for their continued support.

FOR AND ON BEHALF OF THE BOARD

Place : New Delhi
Date : April 24, 2005

LALIT BHASIN
CHAIRMAN

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

Name of the Subsidiary	HB Prima Capital Ltd.	Mount Finance Ltd.
Financial Year of the subsidiary ended on	31-03-2005	31-03-2005
No. of Equity Shares held by the Holding Company as on date (Face Value - Rs.10/-)	10,00,000	8,30,006
Extent of Holding (%)	100	100
The Net Aggregate of the Profit/(Loss) of subsidiary so far as they concern the members of the company for the year 31st March 2005 (in Rs.)		
(i) for the financial year of the subsidiary	(19,342.19)	2,86,774.77
(ii) for the previous financial periods of the subsidiary	(4,78,018.43)	(57,64,792.53)
The Net Aggregate of the Profit/(Loss) of subsidiary so far as they concern the members of the company and which are dealt with the accounts of the company for the year 31st March 2005 (in Rs.)		
(i) for the financial year of the subsidiary	Nil	Nil
(ii) for the previous financial periods of the subsidiary	Nil	Nil



HB STOCKHOLDINGS LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS

- Operating Results :** The company earned an operational income of Rs. 223.07 lakhs during the year under review compared to an operational income of Rs. 328.24 lakhs in the previous period. The administrative expenses during the year under review were Rs. 103.44 lakhs as compared to Rs. 111.68 lakhs during the previous period. The interest and financial charges for the year under review also came down to Rs. 7.28 lakhs as compared to Rs. 34.88 lakhs during the previous period.
- Industry Trends and Business Analysis :** During the year under review, the stock market witnessed buoyancy reflecting a resurgent and high economic growth backed by strong fundamentals. The BSE Sensex which opened at 5590.60 in April 2004 and closed at 6492.82 in March 2005 with the highest at 6954.86 in March, 2005 and registering a growth of 16.13% during the year under review. Similar trend has been registered by NSE Nifty, which opened up at 1771.90 in April 2004 and closed at 2035.65 in March 2005 at after scaling a high of 2168.95 in March 2005 and registering a growth of 14.88% during the year under review. Under the aforesaid backdrop the company has been able to turn out positive results recording a net profit of Rs. 149.97 lakhs.
- Opportunities and Threats :** The continuous reform measures initiated by the governments have started yielding results with the economy poised for a sustained high growth. The sustained drive for modernisation of the Stock Market and de-materialisation has rid the market of many ills and has brought it on par with other developed markets. The broadening of investor's networks, quantum increase in the market turnover and capitalisation and rebound of IPO(s), has added greater depth to the market. However, due to the continuing hardening of international crude oil prices and consequential slowdown of the world economic growth, may cause rise in the inflation and affect the otherwise steady growth process in the country. The Company hopes to leverage its strength and experience in stock market operations and expect to sustain and scale its performance in current year.
- Future Prospects and Outlook :** Future outlook of the company as a NBFC engaged predominantly in the business of investment in securities, is linked to the buoyancy in the stock market, which is linked to the outlook and growth of the overall economy and other factors. The indications of broad policy framework of Government to carry forward and continue the reform process augurs well for the economic growth.
- Risks and concerns :** Company, being associated with capital market, continues to

maintain a conservative financial profile, and following prudent business and risk management practices to manage the threats imposed by the normal industry risk factors, which inter alia includes economic business cycle, fluctuations in the stock prices in the market, besides the interest rate volatility and credit risk. The policies and procedures established by your Company are in tune with some of the best practices in the Financial Services Sector.

- Internal control system and their adequacy :** The Company has a proper and adequate system of internal controls to ensure that all activities are monitored and controlled against any unauthorised use or disposition of assets, and that the transactions are authorised, recorded and reported correctly. The Company ensures adherence to all internal control policies and procedures as well as compliance with all regulatory guidelines. The audit committee of the Board of Directors reviews the adequacy of internal controls. Improvements in processes and controls are an ongoing effort and the internal audit function is fully geared to meet the challenges that are an inevitable part of a rapidly changing landscape.
- Financial performance**
 - Share Capital:** The Company's issued and subscribed share capital consists of Equity Share capital only. The paid-up share capital of the company as at 31st March 2005 stood at Rs. 2431.66 lakhs comprised of 2,54,43,257 Equity Shares of Rs. 10/- each (excluding allotment money receivable of Rs. 112.66 lakhs).
 - Reserves and Surplus:** During the year under review the reserves and surplus [net of accumulated loss amounting to Rs. 5888.17 lakhs (previous year 6012.20 lakhs)] stood at Rs. 4172.41 lakhs as against Rs. 4018.40 lakhs during the previous period.
 - Loans:** There are no unsecured loans in the Balance Sheet of the Company since they have been repaid in full during the year prior to previous year itself.
 - Current Assets & Current Liabilities:** The current assets and current liabilities at the end of the year under review stood at Rs. 2024.98 lakhs and Rs. 1508.12 lakhs respectively against Rs. 1271.30 lakhs and Rs. 2268.53 lakhs for the last year. The net current assets/ (current liabilities) [Current Assets less Current Liabilities] as at the end of the year stood at Rs. 516.86 lakhs compared to (Rs. 897.23) lakhs.
- Human Resources :** The company is having adequate and experienced industry professionals to carry out its operations and follows a good man management practices as the company recognises the employees as its foremost assets and partners in its endeavors to achieve excellence in its operations.

REPORT ON CORPORATE GOVERNANCE

Company's philosophy on Corporate Governance : Corporate Governance refers to a set of policies, principles, laws, rules, regulations, and procedures that enable the company to attract best financial & human resources and to perform efficiently to maximize the long term value for the shareholders. Your company is committed to uphold the good governance values and has been practicing the same over the years. Your directors deeply recognise that it is your company and that you must know what is happening all around.

Size and Composition of the Board : The Board of your Company comprises of 6 directors, out of whom 4 directors are non-executive and independent. Mr. Lalit Bhasin is a non-executive director and holds the position of the Chairman with effect from 30th June 2004. The non-

executive directors are proficient in their fields and bring with them tremendous experience in the areas of finance, tax, legal, Securities market operations, corporate affairs and management. Mr. J.M.L. Suri, the Executive Director of your Company, has to his credit over 44 years of corporate experience in renowned Indian and multinational companies. He is responsible for the overall management of the company. The composition of the Board is in conformity with the Clause 49 of the listing agreement.

5 Meetings of the Board of Directors of the Company were held during the year under review (i.e. from 1.04.2004 to 31.03.2005) on 27th April 2004; 30th June 2004; 28th July 2004; 30th October 2004; and 21st January 2005. The Particulars regarding composition of the Board of Directors and their attendance in the Meetings held during the year under review are given hereunder:

Name of the Director	Category	Directorships in other public companies*		Committee Membership held in Other public companies		No. of Board Meetings during the year		Attended Last AGM
		Director	Chairman	Member	Chairman	Held	Attended	
Mr H. C. Bhasin (Resigned)	Non-Executive	5	Nil	Nil	Nil	5	2	N. A.
Mr. K. N. Malhotra	Independent & Non Executive	3	Nil	1	1	5	1	No
Mr. Lalit Bhasin	Non-Executive	14	3	4	Nil	5	4	Yes
Mr. P. K. Mittal	Independent & Non Executive	1	Nil	Nil	Nil	5	5	No
Mr. J.M.L. Suri	Executive	7	Nil	5	1	5	5	Yes
Dr. K. Srinivasan#	Independent & Non Executive	Nil	Nil	Nil	Nil	5	4	Yes
Mr. Gulshan Rai	Independent & Non Executive	2	Nil	Nil	Nil	5	2	N. A.
Mr. P. S. Mathur (Resigned)	Independent & Non Executive	N.A.						

Mr. P.S. Mathur and Mr. H. C. Bhasin have resigned from the directorship of the company at the meeting held on 27-04-04 and 30-06-04 respectively.

* As on 31-3-2005.

Appointed as Additional Director with effect from 27th April 2004 and confirmed as Director on 29th September 2004.

In terms of the provisions of the Companies Act, 1956 and the Articles of Association of the Company, one-third directors of the rotational directors of the Company retire at every Annual General Meeting. Accordingly, Mr. Lalit Bhasin would retire by rotation at the ensuing Annual General Meeting and being eligible he has offered himself for reappointment.

Board Committees : The Board of Directors in its Meeting held on 7th March, 2001, has constituted 2 Committees namely; the Audit Committee in due compliance with Section 292A of the Companies Act, 1956 and the Clause 49 of the Listing Agreement and Shareholders Committee. The Remuneration Committee has been constituted in the meeting of Board of Directors held on October 30, 2004 as required under the Listing Agreement and the Companies Act, 1956 (Schedule XIII).

Audit Committee : The Audit Committee of the Board as reconstituted on 28th October 2004 comprises of Dr. K. Srinivasan (Chairman of the Committee), Mr. P.K. Mittal and Mr. Gulshan Rai. Mr. J. M. L. Suri, Executive Director, shall be the permanent invitee of the meeting. The terms of reference, inter alia, includes laying down, review and revise the accounting policies of the company; review of financial operations and performance of the company, review the quarterly/ half yearly and annual financial accounts and other financial reports and statements, before placement thereof before the Board of Directors, consider and constitute sub-committees, wherever necessary for carrying out and/or monitoring the financial operations of the company, appoint whenever deemed expedient, an independent internal auditor to carry out continuous audit of the accounts and systems of the company, and also consider and/or review the appointment and removal of auditors of the company, consider and set up adequate internal control systems and review and monitor the same in consultation with the internal auditors and the auditors of the company and ensure compliance of the same, receive, discuss and

consider the observations and reports of the internal auditors and auditors of the company time to time, review and investigate on matters of financial nature, as and when deemed necessary and expedient, give report and/or recommendations to the Board on the matters concerning financial operations of the company, consider and act on any matters as are included under Clause 49 of the Listing Agreement and/or as may be so included from time to time.

During the year under review, 4 meetings of the Audit Committee were held on 29-06-2004; 27-07-2004; 28-10-2004 and 21-01-2005. Dr. K. Srinivasan, Mr. P.K. Mittal, Mr. Lalit Bhasin, Mr. Gulshan Rai attended all the respective meetings and except Mr. K. N. Malhotra who could not attend any meeting and asked for leave of absence.

Shareholders' Committee: The Shareholders Committee of the Board comprises of Mr. K.N. Malhotra (Chairman of the Committee), Mr. P. K. Mittal and Mr. J.M.L. Suri. The functions of the Committee, inter alia, includes approval/rejection of transfers, transmission of shares, issue of fresh/duplicate certificates upon split/consolidation/ renewal/mutilation/loss or otherwise, review the status of dematerialisation of company's shares and matters incidental thereto, monitor the matters of litigation related to shareholders and take decisions relating thereto, consider, review and monitor the matters related to the shareholders grievances.

During the year under review, 4 meetings of the Shareholders Committee were held on 27-04-2004; 28-07-2004; 28-10-2004; and 21-01-2005. The meetings were attended by all the members of the Committee except the three on 28-07-2004, 28-10-2004 & 21-01-2005, which were not attended by Mr. K. N. Malhotra.

Remuneration Committee : The Remuneration committee of the Board comprises of Dr. K. Srinivasan, Chairman, Mr. P. K. Mittal and Mr. Gulshan Rai. The functions of the Committee, inter alia, includes to lay down, review and revise the remuneration of the managerial personnel, to give recommendations to the Board of Directors on the matters concerning the managerial remuneration, to deal with any other matter related or incidental to the above or as may be delegated by the Board from time to time.

During the year under review, no remuneration committee meeting was held. Remuneration paid to Directors during the period (01.04.2004 to 31.03.2005) is as under:



HB STOCKHOLDINGS LIMITED

Director	Relationship with other Director(s)	Sitting Fees (Rs.)	Salary & Perks (Rs.)	Commission, if any
Mr. H. C. Bhasin	Father of Mr. Lalit Bhasin	4,000	Nil	Nil
Mr. K. N. Malhotra	—	14,000	Nil	Nil
Mr. P. S. Mathur	—	Nil	Nil	Nil
Mr. P. K. Mittal	—	33,000	Nil	Nil
Mr. Lalit Bhasin	Son of Mr. H. C. Bhasin	19,000	Nil	Nil
Mr. J. M. L. Suri	—	Nil	703,204	Nil
Dr. K. Srinivasan	—	27,000	Nil	Nil
Mr. Gulshan Rai	—	12,000	Nil	Nil

Shareholders' Information

(A) Details of Annual General Meetings:

(i) Location and time where the last 3 AGM's held

Year	Type	Location	Date	Time
2003-04	AGM	GIA House, I.D.C., Mehrauli Road, Opp.: Sector 14, Gurgaon -122 001	29.09.2004	10.00 A.M.
2001-03	AGM	GIA House, I.D.C., Mehrauli Road, Opp.: Sector 14, Gurgaon -122 001	28.08.2003	10.00 A.M.
2000-01	AGM	GIA House, I.D.C., Mehrauli Road, Opp.: Sector 14, Gurgaon -122 001.	31.05.2002	10.00 A.M.

(ii) Whether Special Resolutions were put through postal ballot last year

No

(iii) Are polls proposed to be conducted through postal ballot this year

No

(B) No dividend has been paid by the company since its trifurcation pursuant to a Scheme of Arrangement sanctioned by High Court. The last dividend was paid for the accounting year 1994-95.

(C) The Register of Members and Share Transfer Books of the Company shall remain closed from 11.08.2005 to 17.08.2005 (both days inclusive). The previous Book Closure remained w.e.f. 21.09.2004 to 29.09.2004 (both days inclusive).

(D) The transactions with the related parties have been annexed to the Notes to Accounts (Refer to Note No. 14 of Schedule 12 to the Balance Sheet and Profit and Loss Account) and hence not reproduced here.

(E) No penalty has been imposed by the Stock Exchanges or SEBI or any other Statutory Authority nor any strictures have been passed by them during the last three years.

(F) Means of Communication

1. Half yearly reports sent to each household of shareholder No
2. Quarterly Results Sent to each shareholder No
3. In which newspaper the results are normally published: Financial Express & Jansatta

4. Any Website, where results are displayed Yes, EDIFAR

5. Whether MD&A are part of Annual Report Yes

6. Whether shareholders information system is part of AR Yes

(G) Your company is contemplating to place all shareholders information on its proposed Website, for which efforts are being made.

(H) Registrar and Share Transfer Agent of the company: RCMC Share Registry Pvt. Ltd., 1515, (I Floor), Bhisham Pitamah Marg, Kotla Mubarakpur, Near South Extension, New Delhi-110008. Ph.: 24692346; 24601017. Fax: 24692345. E-mail: rcmc@dimensioni.net

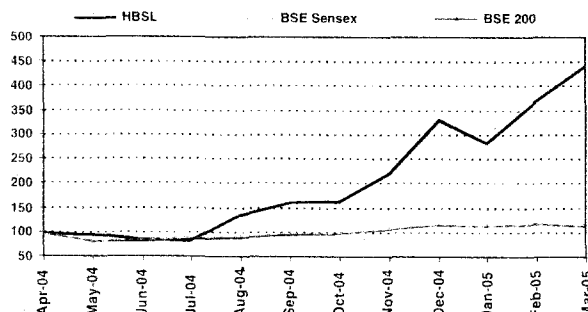
(I) The trading in the Equity Shares of the Company has come under compulsory dematerialisation w.e.f. 27th November 2000 in terms of the SEBI-Notification No. SMDRP/POLICY/CIR-23/2000 dated 29th May 2000.

(J) The company has joined the National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL). The ISIN Number allotted to the Company is INE550B01014.

(K) The Stock Market Data and Performance Indicators of HB Stockholdings Ltd. at BSE and NSE are summarised as under:

Month	BSE				NSE			
	High	Low	Close	Volume	High	Low	Close	Volume
Apr-04	3.31	2.17	2.65	32328	3.35	2.35	2.8	31477
May-04	3.35	2.14	2.51	19025	3.5	2.35	2.55	21558
Jun-04	2.80	1.81	2.30	15194	2.9	1.95	2.35	21167
Jul-04	3.23	1.90	2.20	29194	2.8	2.05	2.3	24175
Aug-04	4.11	2.00	3.62	126656	3.9	2.2	3.4	53323
Sep-04	4.60	3.60	4.32	172146	4.75	3.55	4.15	50619
Oct-04	4.77	3.71	4.36	89070	4.3	3.85	4	9341
Nov-04	6.70	4.10	5.86	282197	—	—	—	—
Dec-04	9.29	5.06	8.80	368602	9.15	5.25	8.55	204550
Jan-05	9.75	6.60	7.50	130765	9.95	6.6	7.4	120077
Feb-05	10.67	7.00	9.82	319558	10.4	7	9.5	222291
Mar-05	17.30	9.35	11.76	405380	17.4	9.55	11.9	277900

(L) Relative performance vis-à-vis major indices



(M) Stock Performance-Absolute returns vis-à-vis Major Indices during the year under review

HB Stock : 344%, BSE Sensex : 15%, BSE 200 : 15%

(N) The Company's Scrip Codes at Various Stock Exchanges are as under:

HB Stockholding Ltd.	Scrip Code
BSE, Mumbai	532216
NSE, Mumbai	HBSTOCK
CSE, Kolkata	18086

(O) The Dematerialisation of Shares and Liquidity: 60.32 % of the Equity Shares of the company are held in dematerialised form.

(P) Mr. Vinay Shukla, AVP (Legal) & Company Secretary is the compliance officer.

(Q) The distribution of shareholdings of the company as on 31st March 2005 is as under:

No of Shares	Shareholders		Shareholding	
	Nos.	% to total	Shares	% to total
1-500	133200	98.99	10898809	42.84
501-1000	884	0.66	640463	2.52
1001-2000	262	0.19	362411	1.42
2001-3000	81	0.06	198111	0.78
3001-4000	30	0.02	106611	0.42
4001-5000	18	0.01	82063	0.32
5001-10000	31	0.02	219917	0.86
10001 and above	51	0.04	12934872	50.84
TOTAL	134557	100.00	25443257	100.00

(R) The category-wise distribution of Shareholders as on 31st March, 2005 is as follows:

Category	No of Shares held	% of Shareholding
A. Promoters Holding		
- Promoters	10621837	41.75
- Persons acting in concert	508530	2.00
B. Others		
- Mutual Funds and UTI	254374	1.00
- Banks/Financial Institutions	831640	3.27
- Foreign Institutional Investors	—	—
- Private Corporate Bodies	549831	2.16
- NRIs/OCB	248052	0.97
- Indian Public	12428993	48.85
TOTAL	25443257	100.00

(S) Share Transfers are registered and returned within a period of 30 days from the date of receipt if the documents are clear in all respects. The authority for transfer of shares has been delegated to Executive Director for transfer of shares up to 10,000 Shares under one folio at a time, beyond which the matters are placed before the shareholders Committee, which meets as and when, required. The statistics of share transfers during the year including demat shares are as under:

Transfer Period	No of cases#	No of Shares#	% to Shares
1-15	877	123050	100
16-30	—	—	—
31 & Above	—	—	—

(T) The status of Investor's Grievance Redressal during the year 1-04-2004 to 31-03-2005 :

Nature of Grievance	Received	Cleared
Investors	62	62
Stock Exchanges	5	5
SEBI	2	2
NSDL	2	2

*Complaints/requests/queries relate to transfer, transmission, change of address, dividend, Share Certificates, balance sheet, demat/ remat of securities & others.

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

The Company has obtained a Certificate from the Auditors of the Company regarding compliance of Corporate Governance as stipulated in the Listing Agreement with the Stock Exchanges.

To the Members of HB Stockholdings Limited

We have examined the compliance of conditions of Corporate Governance by HB STOCKHOLDINGS LIMITED for the year ended on 31st March 2005, as stipulated in Clause 49 of the Listing Agreement of the Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company. In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

As required by the guidance notes issued by the Institute of Chartered Accountants of India, we have to state that the Registrar and Share Transfer Agent of the Company has maintained records to show Investors' Grievance against the Company and have certified that as on 31st March, 2005 there were no Investors' Grievances remaining unattended/pending for a period exceeding one month.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

FOR P. BHOLUSARIA & COMPANY
CHARTERED ACCOUNTANTS

Place : New Delhi
Date : April 25, 2005

AMIT GOEL
PARTNER



HB STOCKHOLDINGS LIMITED

AUDITORS' REPORT

THE MEMBERS OF HB STOCKHOLDINGS LIMITED

We have audited the attached Balance Sheet of **M/s. HB STOCKHOLDINGS LIMITED** as at 31st March, 2005 and also the Profit and Loss Account and Cash flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement presentation. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of section 227 (4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said order to the extent applicable.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we report that :-
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b) In our opinion proper books of account as required by law have been kept by the company so far, as appears from our examination of the said books;
 - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement comply with the accounting Standards referred to in Sub Section (3C) of section 211 of the Companies Act, 1956.
 - e) As informed and explained to us, none of the directors of the company is disqualified as on 31st March, 2005 from being appointed as director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read-together with significant accounting policies and notes thereon (particularly Note No.19) give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :-
 - a) In the case of the Balance Sheet of the State of Affairs of the Company as at 31st March, 2005 and
 - b) In the case of the Profit & Loss account of the Profit for the year ended on that date and
 - c) In the case of Cash Flow Statement, of the Cash Flow for the year ended on that date.

FOR P. BHOLUSARIA & CO.
Chartered Accountants

Amit Goel

Partner
(Membership No. 92648)

Place : New Delhi

Date : 25th April, 2005

ANNEXURE TO AUDITORS' REPORT

Referred to in Paragraph 1 of our report of even date for the year ended 31st March, 2005

1. a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b. As explained to us, the fixed assets have been physically verified by the management during the year in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the company and nature of its assets. No material discrepancies were noticed on such physical verification.
- c. In our opinion, the Company has not disposed of substantial part of fixed assets during the year that would affect going concern status of the Company.
2. a. As explained to us, inventories (investments) have been physically verified by the management at reasonable intervals during the year.
- b. In our opinion and according to the information and explanations given to us, the procedure of physical verification of inventories (investments) followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c. The Company has maintained proper records of inventories. As explained to us, no material discrepancies have been noticed on physical verification of inventory as compared to the book records.
3. a. The Company has not granted any loans, secured or unsecured from Companies, firms or other parties listed in the Register maintained under section 301 of the Companies Act, 1956. However advances in the nature of Loan amounting to Rs.9,09,96,806 were outstanding recoverable as at the year end from two parties, both wholly owned subsidiaries of the company. The amount granted during the year was Rs.1,00,000/- and maximum amount outstanding during the year was Rs.9,34,46,806.
- b. The aforesaid advances granted by the Company are interest free. In our opinion and according to the information and explanations given to us, other terms and conditions of aforesaid advances are not prima facie prejudicial to the interest of the Company.
- c. There are no stipulations in writing as to the repayment of aforesaid advances. As explained to us, the same is repayable on demand.
- d. In respect of aforesaid advances given by the Company, since these are repayable on demand, therefore the question of over due amounts does not arise.
- e. The company has not taken any loans, Secured or Unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control system commensurate with the size of the Company and the

nature of its business for the purchases of inventory and fixed assets and sale of goods and services. During the course of our audit, we have neither come across nor we have been informed of any instance of major weakness in the aforesaid internal control procedure.

5. a. In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered into in the register required to be maintained under that section.
- b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the market price prevailing at the relevant time.
6. The Company has not accepted any deposits from the public.
7. In our opinion the internal audit system of the Company is commensurate with its size and nature of its business.
8. The nature of the company's business/activities is such that Clause 4(viii) of the Companies (Auditor's Report) Order 2003 regarding maintenance of Cost Records is not applicable to the company.
9. a. According to the records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales-Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other statutory dues as applicable have been generally regularly deposited by the company during the year with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2005 for a period of more than six months from the date of becoming payable.
- b. The disputed statutory dues aggregating to Rs.2,36,32,797/- that have not been deposited on account of matters pending before appropriate authorities are as under:

Sr. No.	Name of the statute	A.Y.	Nature of the Dues	Forum where Dispute is pending	Amount (Rs.)
1.	Income Tax Act, 1961	2001-02	Income Tax	Income Tax Appellate Tribunal	27,08,164/-
2.	Income Tax Act, 1961	2001-02	Interest	Income Tax Appellate Tribunal	11,46,927/-
3.	Income Tax Act, 1961	1995-96	Income Tax	Income Tax Appellate Tribunal	31,95,483/-
4.	Income Tax Act, 1961	1995-96	Interest	Income Tax Appellate Tribunal	1,65,82,223/-
	TOTAL				2,36,32,797/-

The Management is of the opinion that the demands made by income tax department are not required to be paid because of apparent mistake in some of them, legal issues involved and pending applications for rectification/ adjustments of refunds (Refer Note No.3(b) of Schedule 12).

10. The accumulated losses of the company at the end of financial year are less than fifty percent of its net worth. The company has not incurred cash losses during the financial year covered by our audit or in the immediately preceding financial year.
11. Based on our audit procedures and according to the information and explanation given to us, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
12. In our opinion and according to the information and explanation given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, clause 4(xiii) of the Companies (Auditor's Report) order 2003 is not applicable to the company.
14. The Company has maintained proper records of transactions and contracts in respect of trading (investments) in securities, debentures and other investments and timely entries have been made therein. All shares, debentures and other investments have been held by the Company in its own name except for shares that are pledged with bank and others or given as margin or which are lodged for transfer or are pending for rectification of bad deliveries.
15. The Company has given guarantees for loans taken by others from banks or financial institutions. According to the information and explanations given to us, we are of the opinion that the terms and conditions thereof are not prima facie prejudicial to the interests of the Company.
16. The Company has not raised any term loans during the year.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that the company has not raised any funds during the year either on long term or short term basis.
18. During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
19. No debentures have been issued by the company and hence the question of creating securities in respect thereof does not arise.
20. The Company has not raised any money by way of public issue during the year.
21. In our opinion and according to the information and explanation given to us, no fraud on or by the Company has been noticed or reported during the year.

FOR P. BHOLUSARIA & CO.
Chartered Accountants

Place : New Delhi
Date : 25th April, 2005

Amit Goel
Partner
(Membership No. 92648)



HB STOCKHOLDINGS LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2005

Schedules	As at 31st Mar., 2005 (Rs.)	As at 31st Mar., 2004 (Rs.)
SOURCES OF FUNDS		
SHAREHOLDERS FUNDS		
Share Capital	243166259.00	243166259.00
Reserves & Surplus	1006058963.67	1003059609.67
TOTAL	1249225222.67	1246225868.67
APPLICATION OF FUNDS		
FIXED ASSETS		
Gross Block	14157083.12	13262029.41
Less : Depreciation	6929785.17	6327424.43
Net Block	7227297.95	6934604.98
INVESTMENTS		
CURRENT ASSETS, LOANS & ADVANCES		
Sundry Debtors	601493441.01	737675249.50
Cash & Bank Balances	25120465.90	4951640.00
Loans and Advances	10066854.36	13159153.22
	167311660.04	109019087.84
	202498980.30	127129881.06
LESS : CURRENT LIABILITIES & PROVISIONS		
Liabilities	2272735.54	80603451.25
Provisions	148539711.07	146249920.95
	150812446.61	226853372.20
NET CURRENT ASSETS	51686533.69	(99723491.14)
MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)		
	—	119897.09
PROFIT & LOSS ACCOUNT (As per annexed Account)		
	588817950.02	601219608.24
TOTAL	1249225222.67	1246225868.67
SIGNIFICANT ACCOUNTING POLICIES		
11		

NOTES ON ACCOUNTS

As per our Report of even date
For P. Bholusaria & Co.
Chartered Accountants

Amit Goel Partner
Vinay Shukla AVP (Legal) & Company Secretary
J.M.L.Suri Executive Director
Lalit Bhasin Chairman

Place : New Delhi
Date : 25th April, 2005

SCHEDULE '1' : SHARE CAPITAL

	As at 31st March, 2005 (Rs.)	As at 31st March, 2004 (Rs.)
AUTHORISED		
7,00,00,000 Equity Shares of Rs.10/- each	700000000.00	700000000.00
3,00,00,000 Redeemable Preference Shares of Rs.10/- each.	300000000.00	300000000.00
	1000000000.00	1000000000.00
ISSUED, SUBSCRIBED AND CALLED-UP		
2,54,43,257 Equity shares of Rs.10/- each Fully Called-up.	254432570.00	254432570.00
Less : Allotment Money Receivable (Other than Directors)	(11266311.00)	(11266311.00)
TOTAL	243166259.00	243166259.00

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2005

Schedules	Year Ended 31st Mar., 2005 (Rs.)	Year Ended 31st Mar., 2004 (Rs.)
INCOME		
Income from Operations	22307751.29	32823539.92
Other Income	—	100078.52
Provision for Sub standard & doubtful Debts written back	4951640.00	3054695.00
TOTAL	27259391.29	35978313.44
EXPENDITURE		
Administrative & Other Expenses	10344628.37	11168327.10
Interest & Financial Charges	728217.16	3488018.32
Depreciation	769877.31	730786.78
Miscellaneous Expenditure Written off	119897.09	2013949.00
TOTAL	11962619.93	17401081.20
Profit for the year before Taxation	15296771.36	18577232.24
Provision for Taxation	—	—
— Current	(300000.00)	—
— Deferred	—	—
Profit for the year after Taxation	14996771.36	18577232.24
Prior period adjustments	404240.86	567614.61
(-) Transferred to Statutory Reserve Fund	(2999354.00)	(3715446.45)
Loss brought forward from last year	(601219608.24)	(616649008.64)
Balance carried to Balance Sheet	(588817950.02)	(601219608.24)
Basic and Diluted Earning per Share (in Rs.)	0.61	0.75
SIGNIFICANT ACCOUNTING POLICIES		
11		

NOTES ON ACCOUNTS

As per our Report of even date
For P. Bholusaria & Co.
Chartered Accountants

Amit Goel Partner
Vinay Shukla AVP (Legal) & Company Secretary
J.M.L.Suri Executive Director
Lalit Bhasin Chairman

Place : New Delhi
Date : 25th April, 2005

SCHEDULE '2' : RESERVES AND SURPLUS

	As at 31st March, 2005 (Rs.)	As at 31st March, 2004 (Rs.)
(A) SHARE PREMIUM ACCOUNT		
As per Last Account	1054448687.00	1054448687.00
Less : Allotment Money Receivable	(55581523.78)	(55581523.78)
TOTAL - (A)	998867163.22	998867163.22
(B) INVESTMENT ALLOWANCE RESERVE (UTILISED) ACCOUNT		
As per Last Account	477000.00	477000.00
TOTAL - (B)	477000.00	477000.00
(C) STATUTORY RESERVE FUND (*)		
As per Last Account	3715446.45	—
Add : Transferred from Profit & Loss Account	2999354.00	3715446.45
TOTAL - (C)	6714800.45	3715446.45
TOTAL (A + B + C)	1006058963.67	1003059609.67

(*) Created pursuant to The Reserve Bank of India (Amendment) Act, 1997.



HB STOCKHOLDINGS LIMITED

SCHEDULE '3' : FIXED ASSETS

Discription of Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Opening As at 01.04.2004 Rs.	Addition during the year Rs.	Sales/Adj during the year Rs.	Total As at 31.03.2005 Rs.	Upto 31.03.2004 Rs.	For the year Rs.	Adjustments Rs.	Total upto 31.03.2005 Rs.	As at 31.03.2005 Rs.	As at 31.03.2004 Rs.
Office Equipment	1718201.83	146299.00	—	1864500.83	680940.46	82914.46	—	763854.92	1100645.91	1037261.37
Vehicles	1736048.50	1207973.71	487219.00	2456803.21	879039.53	236663.70	167516.57	948186.66	1508616.55	857008.97
Furniture & Fixture	6590883.08	—	—	6590883.08	1963027.90	417202.90	—	2380230.80	4210652.28	4627855.18
Data Processing Machinery	2587675.00	28000.00	—	2615675.00	2587675.00	3208.25	—	2590883.25	24791.75	—
Air Conditioners	564261.00	—	—	564261.00	183603.21	26802.40	—	210405.61	353855.39	380657.79
Genrator Set	64960.00	—	—	64960.00	33138.33	3085.60	—	36223.93	28736.07	31821.67
TOTAL	13262029.41	1382272.71	487219.00	14157083.12	6327424.43	769877.31	167516.57	6929785.17	7227297.95	6934604.98
Previous Year	41561872.80	24000.00	28323843.39	13262029.41	33764858.78	730786.78	28168221.24	6327424.32	6934604.98	7797013.91

SCHEDULE '4' : INVESTMENTS

Name of the Company	Face Value	Closing Balance as on 31st March, 2005		Closing Balance as on 31st March, 2004	
	(Rs.)	Qty.(Nos.)	Amount(Rs.)	Qty.(Nos.)	Amount(Rs.)
(A) CURRENT INVESTMENTS - TRADE QUOTED FULLY PAID UP EQUITY SHARES					
ACC LIMITED	10.00	—	—	40000	8629226.79
AHLUWALIA CONTRACTS (INDIA) LTD	10.00	1000	50857.20	1000	50857.20
AMRIT BANASPATI LTD	10.00	1600	22400.00	—	—
ANANT RAJ INDUSTRIES LIMITED	10.00	10500	228375.00	10500	228375.00
ANG EXPORTS LIMITED	10.00	10000	100000.00	10000	100000.00
ARVIND LIQUID GASES LIMITED	10.00	10000	182500.00	10000	182500.00
ARVIND MILLS LIMITED	10.00	450	15582.27	450	15582.27
ASHOK LEYLAND LIMITED	1.00	260200	5415958.09	25000	6439269.06
ASHIMA LTD	10.00	100	3742.02	—	—
ATUL LIMITED	10.00	50	1571.66	50	1571.66
B S REFRIGERATRS LTD	10.00	200	2679.80	200	2679.80
BAJAJ AUTO LTD	10.00	20	11248.78	—	—
BALRAMPUR CHINI MILLS LIMITED	10.00	19	3827.87	65	8867.95
BALARPUR INDUSTRIES LTD	10.00	194	8259.73	—	—
BANNARI AMMAN SUGARS LTD	10.00	100	8192.00	100	8192.00
BARODA RAYON CORPORATION LIMITED	10.00	1750	112875.00	1150	74175.00
BEE ELECTRONIC MACHINES LIMITED	10.00	300	9368.38	300	9368.38
BHAGWATI INDUSTRIES LTD	10.00	32	160.32	32	160.32
BHARAT HOTELS LIMITED	10.00	300	6751.76	150	6751.76
BIHAR SPONGE IRON LIMITED	10.00	—	—	9700	126100.00
CANARA BANK	10.00	—	—	15000	1600560.00
CEAT LTD	10.00	15443	611081.10	165443	6546596.54
COTTON GREAVES LIMITED	10.00	1570	146950.23	1570	146950.23
CENTRAL INDIA POLYESTERS LTD	10.00	438	18423.76	438	18423.76
CENTURION BANK LTD	1.00	3000	30889.20	3000	30889.20
CERA SANITARYWARE LTD	5.00	3900	110790.45	8225	233654.21
CIBA SPECIALITY LTD	10.00	50	500.00	—	—
COMPACT DISC INDIA LIMITED	10.00	47700	1102543.00	47400	1095608.77
CORPORATION BANK	10.00	—	—	100	11643.90
CROMPTON GREAVES LIMITED	10.00	5215	372496.92	5215	372496.92
DATAPRO INFORMATION TECHNOLOGY LTD	2.00	40500	108945.00	40500	108945.00
DALMIA CEMENT BHARAT LTD	10.00	23	9404.14	—	—
DCM LIMITED	10.00	8938	875836.19	26930	2638875.43
DCM SHRIRAM CONSOLIDATED LIMITED	10.00	12	739.36	12	739.36
DCM SHRIRAM INDUSTRIES LIMITED	10.00	—	—	10739	399576.72
DESIGN AUTO SYSTEMS LTD	10.00	671400	3953866.50	671400	3953866.50
DIGITAL WORLD INDIA LIMITED	10.00	162400	3136228.37	162400	3136228.37
DSQ SOFTWARE LTD	10.00	100	64054.10	—	—
EIH LTD.	10.00	21	8171.07	—	—
EUROTEX INDUSTRIES LTD	10.00	800	16720.00	—	—
EXCEL INDUSTRIES LTD	5.00	1125	72506.25	1125	72506.25
ESSAR SHIPPING LIMITED	10.00	400	3387.43	400	3387.43
ESSAR STEEL LIMITED	10.00	800	26305.43	800	26305.43
FLEX INDUSTRIES LTD	10.00	100	1545.35	100	1545.35
GREAT EASTERN SHIPPING COMPANY LTD	10.00	90	6637.50	90	6637.50
GERMAN REMEDIES LTD	10.00	250	91357.50	250	91357.50
GINNI FILAMENTS LTD	10.00	—	—	3450	15525.00
GLOBAL TRUST BANK LTD.	10.00	—	—	25000	680459.90
GODREJ SOAPS LIMITED	10.00	378	13178.68	378	13178.68
GSAL(INDIA) LTD.	10.00	8120	4060.00	8120	4060.00
GTN TEXTILES LIMITED	10.00	800	114887.64	800	114887.64
GUJARAT TELEPHONE CABLES LIMITED	10.00	22600	994400.00	22600	994400.00
HARYANA LEATHER CHEMICALS LIMITED	10.00	2500	75470.42	7200	217354.81
HARYANA PETROCHEMICALS LIMITED	10.00	9050	212191.59	9050	212191.59
HB ESTATE DEVELOPERS LIMITED	10.00	150000	1500000.00	150000	1500000.00
HB LEASING & FINANCE CO LIMITED	10.00	43200	1186049.57	43200	1186049.57
HB PORTFOLIO LIMITED	10.00	100000	1000000.00	100000	1000000.00
HCL INFOSYSTEMS LTD	10.00	100	50701.25	100	50701.25
HERO HONDA MOTORS LTD	2.00	150	26954.31	—	—
HINDUSTAN ENGINEERING & INDUSTRIES LTD	10.00	3303	44967.00	3303	44967.00
HINDUSTAN LEVER LTD	1.00	3	703.45	—	—
HINDUSTAN MOTORS LIMITED	10.00	100	1802.47	100	1247.67
HINDUSTAN OIL EXPLORATION COMPANY LTD	10.00	200	3788.00	200	3788.00
HINDUSTAN PETROLEUM CORPORATION LIMITED	10.00	200	66829.87	200	45835.06
HINDUSTHAN SAMAC LTD	10.00	20	20.00	20	20.00
HITACHI HOMELIEF SOULTION LTD	10.00	100	2538.00	100	2538.00
HOTLINE GLASS LIMITED	10.00	166382	552770.07	203882	677356.13
HOTLINE TELETUBE & COMPONENTS LIMITED	10.00	336572	9588979.61	338572	9645959.87
ICP SECURITIES LIMITED	10.00	1800	18000.00	1800	18000.00
IEC SOFTWARE LIMITED	10.00	19916	223459.35	20916	234679.44
INDRAPRASTHA MEDICAL LTD	10.00	—	—	200	5740.00
INDIAN PETROCHEMICALS CORPORATION LIMITED	10.00	100	17028.81	100	5729.74